

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name BARODA TOWNSHIP	County BERRIEN
Audit Date 6/23/04	Opinion Date 6/23/04	Date Accountant Report Submitted to State: 9/21/04	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name)

BARNES & ROSS CPA's P.C.

Street Address

500 RENAISSANCE DRIVE, SUITE 104

City

SAINT JOSEPH

State

MI

ZIP

49085

Accountant Signature

Barnes & Ross

Date

9/21/04

BARODA TOWNSHIP
BERRIEN COUNTY, MICHIGAN
FINANCIAL STATEMENTS
MARCH 31, 2004

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BARNES & ROSS
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INDEPENDENT AUDITORS' REPORT

To the Members of the Baroda Township Board
Baroda, Michigan

We have audited the accompanying general purpose financial statements of Baroda Township, as of and for the year ended March 31, 2004, as listed in the table of contents on pages 2 through 17. These general purpose financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Baroda Township, as of March 31, 2004, and the results of its operations and the cash flows of its Proprietary Fund Type for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The additional information listed in the table of contents on pages 18 through 26 is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.


BARNES & ROSS

June 23, 2004

BARODA TOWNSHIP

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUP
MARCH 31, 2004

	Governmental Fund Types	
	General	Special Revenue
ASSETS		
Cash	\$ 903,685	\$ 352,356
Time deposits	211,782	244,930
Receivables:		
Taxes	30,300	-
Assessments	-	-
Other	21,217	-
Due from other funds	22,600	495,864
Due from other units of government	-	11,083
Due from employees	-	234
Deposit with County - restricted	25,707	-
Fixed assets	-	-
Accumulated depreciation	-	-
Total assets	<u>\$1,215,291</u>	<u>\$1,104,467</u>
LIABILITIES AND EQUITY		
Liabilities:		
Accounts payable	\$ 1,627	\$ 2,877
Accrued liabilities	3,644	3,689
Due to other funds	537,866	6,162
Deferred revenues	2,902	11,083
Bonds payable	-	-
Total liabilities	<u>546,039</u>	<u>23,811</u>
Equity:		
Contributed capital	-	-
Investment in general fixed assets	-	-
Retained earnings	-	-
Fund balances:		
Reserved	25,707	1,080,656
Unreserved	<u>643,545</u>	<u>-</u>
Total equity	<u>669,252</u>	<u>1,080,656</u>
Total liabilities and equity	<u>\$1,215,291</u>	<u>\$1,104,467</u>

See accompanying notes to financial statements.

<u>Proprietary</u> <u>Fund Type</u> <u>Water</u> <u>Enterprise</u>	<u>Fiduciary</u> <u>Fund Type</u> <u>Trust and</u> <u>Agency</u>	<u>Account</u> <u>Group</u> <u>General</u> <u>Fixed Assets</u>
---	---	---

\$ 82,988	\$ 916	\$ -
-	-	-
-	-	-
33,555	-	-
-	-	-
42,002	-	-
-	1,643	-
-	-	-
-	-	-
530,186	-	1,435,010
(246,550)	-	-
<u>\$442,181</u>	<u>\$2,559</u>	<u>\$1,435,010</u>

\$ -	\$1,142	\$ -
526	-	-
15,021	1,417	-
33,555	-	-
70,000	-	-
<u>119,102</u>	<u>2,559</u>	<u>-</u>

40,544	-	-
-	-	1,435,010
282,535	-	-
-	-	-
-	-	-
<u>323,079</u>	<u>-</u>	<u>1,435,010</u>
<u>\$442,181</u>	<u>\$2,559</u>	<u>\$1,435,010</u>

BARODA TOWNSHIP

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED MARCH 31, 2004

	<u>General</u>	<u>Special Revenue</u>
Revenues:		
Taxes	\$ 73,202	\$ 404,602
Licenses and permits	4,593	17,199
State grants	156,832	-
Contributions from local units	11,539	156,956
Charge for services and sales	20,473	-
Interest and rentals	15,609	4,957
Other revenues	<u>3,275</u>	<u>57,524</u>
Total revenues	<u>285,523</u>	<u>641,238</u>
Expenditures:		
Legislative	42,861	-
General government	175,582	-
Public safety	23,647	383,016
Public works	14,149	97,224
Health and welfare	-	22,000
Recreation and cultural	<u>32,288</u>	<u>-</u>
Total expenditures	<u>288,527</u>	<u>502,240</u>
Excess (deficiency) of revenues over expenditures	(3,004)	138,998
Operating transfers:		
Transfers-in	-	123,875
Transfers-out	<u>-</u>	<u>(123,875)</u>
Excess (deficiency) of revenues and transfers-in over expenditures and transfers-out	(3,004)	138,998
Fund balances - beginning of year	<u>672,256</u>	<u>941,658</u>
Fund balances - end of year	<u>\$669,252</u>	<u>\$1,080,656</u>

See accompanying notes to financial statements.

BARODA TOWNSHIP

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED MARCH 31, 2004

	General		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes	\$ 96,906	\$ 73,202	\$(23,704)
Licenses and permits	4,900	4,593	(307)
State grants	166,124	156,832	(9,292)
Contributions from local units	9,000	11,539	2,539
Charge for services and sales	18,000	20,473	2,473
Interest and rentals	24,300	15,609	(8,691)
Other revenues	<u>25,150</u>	<u>3,275</u>	<u>(21,875)</u>
Total revenues	<u>344,380</u>	<u>285,523</u>	<u>(58,857)</u>
Expenditures:			
Legislative	52,925	42,861	10,064
General government	176,825	175,582	1,243
Public safety	34,245	23,647	10,598
Public works	37,650	14,149	23,501
Health and welfare	-	-	-
Recreation and cultural	<u>35,350</u>	<u>32,288</u>	<u>3,062</u>
Total expenditures	<u>336,995</u>	<u>288,527</u>	<u>48,468</u>
Excess (deficiency) of revenues over expenditures	7,385	(3,004)	(10,389)
Operating transfers:			
Transfers-in	-	-	-
Transfers-out	<u>(3,200)</u>	<u>-</u>	<u>3,200</u>
Excess (deficiency) of revenues and transfers-in over expenditures and transfers-out	4,185	(3,004)	(7,189)
Fund balances - beginning of year	<u>672,256</u>	<u>672,256</u>	<u>-</u>
Fund balances - end of year	<u>\$676,441</u>	<u>\$669,252</u>	<u>\$ (7,189)</u>

See accompanying notes to financial statements.

<u>Special Revenue</u>		
<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
\$ 381,000	\$ 404,602	\$23,602
14,100	17,199	3,099
650	-	(650)
157,660	156,956	(704)
500	-	(500)
5,150	4,957	(193)
<u>57,353</u>	<u>57,524</u>	<u>171</u>
<u>616,413</u>	<u>641,238</u>	<u>24,825</u>
-	-	-
-	-	-
383,965	383,016	949
94,800	97,224	(2,424)
16,825	22,000	(5,175)
<u>-</u>	<u>-</u>	<u>-</u>
<u>495,590</u>	<u>502,240</u>	<u>(6,650)</u>
120,823	138,998	18,175
123,875	123,875	-
<u>(123,875)</u>	<u>(123,875)</u>	<u>-</u>
120,823	138,998	18,175
<u>941,658</u>	<u>941,658</u>	<u>-</u>
<u>\$1,062,481</u>	<u>\$1,080,656</u>	<u>\$18,175</u>

BARODA TOWNSHIP

STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN RETAINED EARNINGS - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED MARCH 31, 2004

Operating revenues:	
Charge for services	\$ 11,206
Interest	<u>434</u>
Total operating revenues	<u>11,640</u>
Operating expenses:	
Administration	1,876
Depreciation	<u>15,922</u>
Total operating expenses	<u>17,798</u>
Loss before non-operating revenues (expenses)	<u>(6,158)</u>
Non-operating revenues (expenses):	
Special assessments	12,272
Interest income	4,284
Interest and fiscal charges	<u>(8,687)</u>
Total non-operating revenues (expenses)	<u>7,869</u>
Net earnings	1,711
Retained earnings - beginning of year	<u>280,824</u>
Retained earnings - end of year	<u><u>\$282,535</u></u>

See accompanying notes to financial statements.

BARODA TOWNSHIP
STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED MARCH 31, 2004

INCREASE (DECREASE) IN CASH

Cash flows from operating activities:	
Net earnings	\$ 1,711
Adjustments to reconcile net earnings to net cash provided by operating activities:	
Depreciation	15,922
Account receivable	1,752
Due from other funds	(1,898)
Accrued interest	(184)
Due to other funds	<u>(872)</u>
Net cash provided by operating activities	<u>16,431</u>
Cash flows from capital and related financing activities:	
Collection of customer assessments and interest	803
Principal and interest paid on long-term debt	<u>(25,803)</u>
Net cash used in capital and related financing activities	<u>(25,000)</u>
Net decrease in cash	(8,569)
Cash and cash equivalents - beginning of year	<u>91,557</u>
Cash and cash equivalents - end of year	<u><u>\$82,988</u></u>
Supplemental information:	
Cash paid for interest	<u><u>\$ 8,871</u></u>

See accompanying notes to financial statements.

BARODA TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.

A. SCOPE OF REPORTING ENTITY.

In accordance with the provisions of the Government Accounting Standards Board Codification of Standards related to "Defining the Governmental Reporting Entity", the financial statements of Baroda Township contain all the Township's funds and account groups that are controlled by or dependent on the executive or legislative branches. Control by or dependent on the Township was determined on the basis of appointment of governing authority, budget adoption, taxing authority, outstanding debt secured by revenues or general obligations of the Township, obligation of the Township to finance any deficits that may occur, receipt of significant subsidies from the Township, disposition of surplus funds, and scope of public service.

Based on the foregoing criteria, the following organization is required to be included in the Township's annual report for the reasons stated:

Baroda-Lake Police Board

Township is custodian of funds
Township is responsible for fund deficits to its ownership percentage
Township approves budget
Surplus funds at termination revert to Township based on its ownership percentage

B. BASIS OF PRESENTATION.

The accounts of the Township are organized on the basis of funds and account groups; each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which these are to be spent and the means by which spending activities are controlled. The various funds are grouped in the financial statements in this report into five generic fund types and four broad fund categories as follows:

BARODA TOWNSHIP

NOTES TO FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED MARCH 31, 2004

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED.

GOVERNMENTAL FUNDS:

General Fund - The General Fund is used to account for all financial transactions not accounted for in another fund. Revenues are derived primarily from property taxes and State distributions, grants and other intergovernmental revenues. The General Fund accounts for the general operating expenditures of the Township not recorded elsewhere.

Special Revenue Funds - The Special Revenue Funds are used to account for specific governmental revenues (other than major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.

PROPRIETARY FUND:

Enterprise Fund - The Enterprise Fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Township maintains only one Enterprise Fund, the Water Fund.

FIDUCIARY FUND:

Agency Fund - The Agency Fund is used to account for assets as an agent for individuals, private organizations, other governments and/or other funds. The Agency Fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations.

ACCOUNT GROUP:

General Fixed Assets - This account group presents the fixed assets of the Township utilized in its general operations (non-proprietary fixed assets).

BARODA TOWNSHIP

NOTES TO FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED MARCH 31, 2004

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED.

C. BASIS OF ACCOUNTING.

The accounting policies of the Township conform to generally accepted accounting principles as applicable to governmental units.

All Governmental Funds utilize the modified accrual basis of accounting which provides that revenues be recorded when they become both measurable and available to finance expenditures of the current period. Expenditures are recorded when the related liability is incurred.

The Proprietary Fund follows the accrual basis of accounting; revenues are recorded when earned and expenditures when the related liability is incurred.

The financial statements of the Fiduciary Fund are maintained on the cash basis. Reporting these funds on the cash basis does not have an effect materially different from reporting them on the accrual basis as required by generally accepted accounting principles.

D. BUDGETARY DATA.

At the March meeting the Supervisor submits to the Township Board a proposed operating budget for the fiscal year commencing the following April 1. The operating budget includes proposed expenditures and the means of financing them for the Governmental and Proprietary Fund Types.

Public hearings are conducted at the Township Hall to obtain taxpayers comments and prior to March 31, the budget is legally enacted on a summary budget basis through passage of a resolution.

All budgets are adopted on a basis consistent with generally accepted accounting principles. Unexpended appropriations lapse at the end of the fiscal year. During the current year the budget was amended in a legally permissible manner.

BARODA TOWNSHIP

NOTES TO FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED MARCH 31, 2004

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED.

E. ASSETS, LIABILITIES AND FUND EQUITY.

1. CASH AND CASH EQUIVALENTS.

Cash and cash equivalents consist of various interest-bearing checking and savings accounts and short-term investments with a maturity date within three months of the date acquired.

2. FIXED ASSETS.

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in Governmental Funds and the related assets are reported in the General Fixed Assets Account Group. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost when no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Public domain ("infrastructure") general fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are not capitalized, as these assets are immovable and of value only to the government.

Assets in the General Fixed Assets Account Group are not depreciated. Depreciation of buildings, equipment and vehicles in the Proprietary Fund Type is computed using the straight-line method.

3. FUND EQUITY.

Contributed capital is recorded in Proprietary Funds that have received capital grants or contributions from developers, customers, or other funds.

BARODA TOWNSHIP

NOTES TO FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED MARCH 31, 2004

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONCLUDED.

F. REVENUES, EXPENDITURES AND EXPENSES.

PROPERTY TAXES.

Property taxes attach as an enforceable lien on property as of December 31. Township taxes are levied on the following July 1 and are payable without penalty through September 15. The Township bills and collects its own property taxes, and the taxes for the County and the School District within its jurisdiction. Collections and remittances of the County and School taxes are accounted for in the Tax Collection Agency Fund. Township property tax revenues are recognized as revenues in the fiscal year levied to the extent that they are both measurable and available.

The County maintains a delinquent Tax Revolving Fund to reimburse the surrounding municipalities for uncollected real property taxes. As a result, all real property taxes billed by the Township are included in property tax revenues.

Note 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY.

EXCESS OF EXPENDITURES OVER APPROPRIATIONS.

Public Act 621 of 1978, Section 18(1) as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

During the year ended March 31, 2004, the Township incurred expenditures in excess of amounts appropriated in the General and Special Revenue Funds. The excess was the result of audit adjustments at March 31, 2004.

<u>Fund/Activity</u>	<u>Appropriation</u>	<u>Expenditure</u>	<u>Variance</u>
General:			
Elections	\$ 1,600	\$ 2,169	\$ (569)
Treasurer	21,570	24,920	(3,350)
Cemetery	26,670	28,732	(2,062)
Fire protection	6,800	7,200	(400)
Fire Equipment:			
Public safety	8,542	5,675	(2,867)
Police:			
Public safety	-	400	(400)

BARODA TOWNSHIP

NOTES TO FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED MARCH 31, 2004

Note 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - CONCLUDED.

<u>Fund/Activity</u>	<u>Appropriation</u>	<u>Expenditure</u>	<u>Variance</u>
Garbage and Rubbish Collection:			
Public works	\$94,800	\$97,224	\$(2,424)
Drug Law Enforcement:			
Public safety	10,000	37,286	(27,286)
Building Inspection:			
Public safety	16,825	18,304	(1,479)

Note 3. DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS.

A. ASSETS.

1. DEPOSITS AND INVESTMENTS.

Deposits

Deposits are carried at cost. Deposits are at three banks in the name of the Township. Act 217, P.A. 1982, authorizes the Township to deposit and invest in the accounts of federally insured banks, insured credit unions, savings and loan associations, and bonds and other direct obligations of the United States. Michigan law prohibits security in the form of collateral, surety bonds, or other forms for the deposit of public money. An Attorney General's opinion states that public funds may not be deposited in financial institutions located in states other than Michigan. The Township's deposits are in accordance with statutory authority.

The Governmental Accounting Standards Board Statement No. 3 risk disclosures for the Township's cash deposits are as follows:

Insured (FDIC)	\$ 400,000
Uninsured	<u>1,411,438</u>
Total deposits	<u>\$1,811,438</u>

BARODA TOWNSHIP

NOTES TO FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED MARCH 31, 2004

Note 3. DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS - CONTINUED.

Investments

State statutes authorize the Township to invest in obligations of the U.S. Treasury and U.S. Agencies deposit agreements with federally insured financial institutions within the State of Michigan, high grade commercial paper, repurchase obligations of the U.S. Government and U.S. Agencies, banker's acceptance of U.S. Banks, and mutual funds comprised of the above authorized investments. The Township had no investments at March 31, 2004.

2. CHANGES IN GENERAL FIXED ASSETS.

	March 31, <u>2003</u>	Additions	Deletions	March 31, <u>2004</u>
Land and buildings	\$ 549,978	\$ -	\$ -	\$ 549,978
Improvements other than buildings	65,727	-	-	65,727
Equipment	<u>749,479</u>	<u>69,826</u>	<u>-</u>	<u>819,305</u>
Total	<u>\$1,365,184</u>	<u>\$69,826</u>	<u>\$ -</u>	<u>\$1,435,010</u>

3. SUMMARY OF PROPRIETARY FUND FIXED ASSETS.

Depreciation expense included in the determination of net earnings for the year ended March 31, 2004 was \$15,922 for the Enterprise Fund.

The principal categories of fixed assets may be summarized as follows:

	<u>Enterprise Fund</u>
Water supply system	\$530,186
Less, accumulated depreciation	<u>246,550</u>
Undepreciated cost	<u>\$283,636</u>

BARODA TOWNSHIP
NOTES TO FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED MARCH 31, 2004

Note 3. DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS - CONTINUED.

B. LIABILITIES.

1. LONG-TERM DEBT.

a. DESCRIPTION OF DEBT.

Bonds Payable

On October 1, 1987, the Township issued \$395,000 of bonds to provide funds for construction of a water distribution system. The bonds require semi-annual payments. The balance of the bonds at March 31, 2004 is \$70,000.

b. SCHEDULE OF CHANGES IN LONG-TERM DEBT.

The following is a summary of long-term debt of the Township for the year ended March 31, 2004:

	<u>Bonds Payable</u>
Long-term debt at March 31, 2003	\$95,000
Bonds retired	<u>25,000</u>
Long-term debt at March 31, 2004	<u><u>\$70,000</u></u>

c. DEBT SERVICE REQUIREMENTS.

The annual principal and interest requirements for all long-term debt is summarized in the supplementary Schedule of Principal and Interest Requirements on page 26.

BARODA TOWNSHIP

NOTES TO FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED MARCH 31, 2004

Note 3. DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS - CONTINUED.

2. RETIREMENT PLAN.

The Township participates with the Township of Lake, Berrien County, Michigan, in a Michigan Townships Association Group-Pension Plan. Full-time police officers are covered. The plan consists of a 10 year allocated retirement account (ARA) funded by contributions from both the Township and each participant. The account is being administered by the Manufacturers Life Insurance Company, Toronto, Canada. Benefits attributable to employer contributions are 100% vested on death, total disability or normal retirement. On early retirement or on termination of service other than because of death, disability or normal retirement, such benefits shall vest 100%, if a total of 20 months of service shall have been completed.

The Township adopted a defined contribution pension plan effective July 1, 1992 for employees and officials in lieu of social security. Employees who elect this plan contribute 6% of their gross earnings to the plan, which is matched by the Township. The plan is deposited with Traveler's Insurance Co., and administered by J.W. Ryan.

The Township's pension cost for fiscal year March 31, 2004 was \$8,938.

C. INDIVIDUAL FUNDS - INTERFUND RECEIVABLES AND PAYABLES.

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Fund</u>	<u>Interfund Payables</u>
General	\$ 22,600	Water	\$ 15,021
		Trust and Agency	1,417
		Police	6,162
Special Revenue:			
Fire equipment	32,203	General	32,203
Fire maintenance	54,004	General	54,004
Police	177,415	General	177,415
Garbage and rubbish collection	228,222	General	228,222
Building inspection	4,020	General	4,020
Water	<u>42,002</u>	General	<u>42,002</u>
Total	<u>\$560,466</u>	Total	<u>\$560,466</u>

BARODA TOWNSHIP

NOTES TO FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED MARCH 31, 2004

Note 3. DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS - CONCLUDED.

D. FUND EQUITY.

Detailed Listing of Fund Balances for Reserved and Unreserved Balances

A detailed description of fund balance reservations and designations (for all Governmental Fund Types) at March 31, 2004 is presented below:

	<u>General</u>	<u>Special Revenue</u>
Fund balances:		
Reserved:		
Fire equipment	\$ -	\$ 377,120
Fire maintenance	-	209,035
Baroda-Lake police	-	56,260
Police	-	177,416
Garbage and rubbish collection	-	228,222
Road maintenance	25,707	-
Building inspection	-	4,020
Drug law enforcement	-	28,583
Total reserved	25,707	1,080,656
Unreserved:		
Undesignated	<u>643,545</u>	<u>-</u>
Total fund equity	<u>\$669,252</u>	<u>\$1,080,656</u>

BARODA TOWNSHIP

NOTES TO FINANCIAL STATEMENTS - CONCLUDED
FOR THE YEAR ENDED MARCH 31, 2004

Note 4. COMMITMENTS AND CONTINGENCIES.

The Township is exposed to various risks of loss, such as property losses, torts, errors and omissions, employee injuries, as well as medical benefits provided to employees. The Township has purchased commercial insurance for medical benefit claims, and claims related to general liability, excess liability, errors and omissions, physical damage to property, workers' compensation and employee dishonesty.

Certain claims, suits and complaints arising in the ordinary course of business are pending against the Township. In the opinion of management and legal counsel, the ultimate resolution of such matters will not have a material adverse effect on the Township's financial position.

Note 5. NEW REPORTING STANDARD.

In June, 1999, the Governmental Accounting Standards Board (GASB) issued Statement 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments". This statement establishes new financial reporting requirements for State and Local governments throughout the United States. When implemented, it will require new information and restructure much of the information that governments have presented in the past. Comparability with reports issued in all prior years will be affected. The Township is required to implement this standard for the fiscal year March 31, 2005. The Township has not yet determined the full impact that adoption of GASB Statement 34 will have on the financial statements.

BARODA TOWNSHIP

STATEMENT OF EXPENDITURES - GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures:			
Legislative:			
Township Board:			
Salaries and meetings	\$ 6,000	\$ 6,030	\$ (30)
Employer share - F.I.C.A.	14,000	9,116	4,884
Employer share - pension	3,000	2,853	147
Office supplies	1,500	1,765	(265)
Postage	2,250	1,231	1,019
Audit	13,500	13,333	167
Legal fees	5,000	2,299	2,701
Trustees conferences	200	-	200
Mileage	75	-	75
Community donations	4,500	4,350	150
Insurance and bonds	1,000	471	529
Memberships and dues	1,400	1,318	82
Miscellaneous	500	95	405
Total legislative	<u>52,925</u>	<u>42,861</u>	<u>10,064</u>
General government:			
Supervisor:			
Salary	25,000	26,911	(1,911)
Office supplies	400	239	161
Computer services	200	176	24
Conferences/workshops	500	390	110
Mileage	300	143	157
Printing and publishing	100	235	(135)
Insurance	7,000	5,174	1,826
Office help	300	340	(40)
Miscellaneous	25	71	(46)
Total	<u>33,825</u>	<u>33,679</u>	<u>146</u>
Elections:			
Contract services	500	514	(14)
Mileage	25	-	25
Advertising	350	-	350
Supplies	25	169	(144)
Training	200	160	40
Capital outlay	-	1,326	(1,326)
Miscellaneous	500	-	500
Total	<u>1,600</u>	<u>2,169</u>	<u>(569)</u>

BARODA TOWNSHIP

STATEMENT OF EXPENDITURES - GENERAL FUND - CONTINUED
FOR THE YEAR ENDED MARCH 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Assessor:			
Wages	\$ 24,000	\$ 22,200	\$ 1,800
Supplies	1,000	99	901
Computer services	-	303	(303)
Contracted services	350	1,583	(1,233)
Conferences/workshops	500	594	(94)
Printing and publishing	-	1,236	(1,236)
Mileage	-	270	(270)
Insurance	400	-	400
Memberships and dues	50	25	25
Miscellaneous	200	96	104
Total	<u>26,500</u>	<u>26,406</u>	<u>94</u>
Clerk:			
Wages	23,650	25,380	(1,730)
Secretarial help	700	2,954	(2,254)
Office supplies	1,500	1,169	331
Computer services	2,000	45	1,955
Conferences/workshops	1,000	389	611
Mileage	200	191	9
Printing and publishing	250	282	(32)
Insurance	7,000	5,156	1,844
Memberships and dues	25	10	15
Capital outlay	250	-	250
Miscellaneous	25	-	25
Total	<u>36,600</u>	<u>35,576</u>	<u>1,024</u>
Board of Review:			
Wages	1,500	720	780
Conferences/workshops	400	250	150
Mileage	70	18	52
Printing and publishing	550	187	363
Miscellaneous	300	163	137
Total	<u>2,820</u>	<u>1,338</u>	<u>1,482</u>

BARODA TOWNSHIP

STATEMENT OF EXPENDITURES - GENERAL FUND - CONTINUED
FOR THE YEAR ENDED MARCH 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Treasurer:			
Summer tax expense	\$ 3,200	\$ 1,688	\$ 1,512
Wages	14,700	19,671	(4,971)
Office supplies	500	135	365
Computer services	2,300	2,752	(452)
Conferences/workshops	500	348	152
Mileage	150	115	35
Printing and publishing	150	166	(16)
Memberships and dues	45	45	-
Miscellaneous	25	-	25
Total	<u>21,570</u>	<u>24,920</u>	<u>(3,350)</u>
Township Hall:			
Wages	1,500	1,161	339
Office supplies	160	64	96
Insurance	1,230	1,220	10
Electricity	800	914	(114)
Heat	-	(172)	172
Maintenance	750	428	322
Janitor - Municipal			
Building	1,400	1,530	(130)
Truck rent	300	234	66
Capital outlay	500	-	500
Total	<u>6,640</u>	<u>5,379</u>	<u>1,261</u>
Municipal Building:			
Supplies	1,000	1,074	(74)
Telephone	1,500	1,426	74
Insurance	4,700	5,064	(364)
Electricity	2,750	2,537	213
Heat	2,000	1,897	103
Maintenance	1,000	632	368
Janitor	4,000	4,176	(176)
Water	350	334	16
Sewer	300	243	57
Capital outlay	3,000	-	3,000
Total	<u>20,600</u>	<u>17,383</u>	<u>3,217</u>

BARODA TOWNSHIP

STATEMENT OF EXPENDITURES - GENERAL FUND - CONTINUED
FOR THE YEAR ENDED MARCH 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cemetery:			
Wages	\$ 15,000	\$ 18,333	\$(3,333)
Office supplies	750	917	(167)
Gas and oil	500	246	254
Insurance	1,000	1,237	(237)
Electricity	250	222	28
Heat	1,250	1,353	(103)
Maintenance	1,000	193	807
Equipment rental	4,000	4,714	(714)
Capital outlay	2,000	600	1,400
Miscellaneous	920	917	3
Total	<u>26,670</u>	<u>28,732</u>	<u>(2,062)</u>
Total general government	<u>176,825</u>	<u>175,582</u>	<u>1,243</u>
Public safety:			
Fire protection	<u>6,800</u>	<u>7,200</u>	<u>(400)</u>
Planning Commission:			
Wages	5,500	4,660	840
Supplies	400	-	400
Contracted services	5,000	2,197	2,803
Legal fees	5,000	-	5,000
Conferences/workshops	750	532	218
Mileage	120	124	(4)
Advertising	3,500	2,358	1,142
Miscellaneous	200	-	200
Total	<u>20,470</u>	<u>9,871</u>	<u>10,599</u>
Board of Appeals:			
Wages	250	90	160
Conferences/workshops	<u>50</u>	<u>-</u>	<u>50</u>
Total	<u>300</u>	<u>90</u>	<u>210</u>

BARODA TOWNSHIP

STATEMENT OF EXPENDITURES - GENERAL FUND - CONCLUDED
FOR THE YEAR ENDED MARCH 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Zoning Administration:			
Wages	\$ 6,000	\$ 6,280	\$ (280)
Conferences/workshops	500	65	435
Mileage	150	141	9
Miscellaneous	<u>25</u>	<u>-</u>	<u>25</u>
Total	<u>6,675</u>	<u>6,486</u>	<u>189</u>
Total public safety	<u>34,245</u>	<u>23,647</u>	<u>10,598</u>
Public works:			
Streets:			
Matching funds	5,000	-	5,000
Electricity	2,250	1,657	593
Light repairs	400	209	191
Construction	15,000	3,326	11,674
Miscellaneous	<u>-</u>	<u>1,172</u>	<u>(1,172)</u>
Total	<u>22,650</u>	<u>6,364</u>	<u>16,286</u>
Drains - public benefit	<u>15,000</u>	<u>7,785</u>	<u>7,215</u>
Total public works	<u>37,650</u>	<u>14,149</u>	<u>23,501</u>
Recreational and cultural:			
Park:			
Wages	5,000	4,707	293
Supplies	500	469	31
Gas and oil	250	96	154
Insurance	400	836	(436)
Electricity	400	374	26
Maintenance	2,000	31	1,969
Equipment rental	1,800	2,015	(215)
Capital outlay	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Total	<u>11,350</u>	<u>8,528</u>	<u>2,822</u>
Library service	<u>24,000</u>	<u>23,760</u>	<u>240</u>
Total recreational and cultural	<u>35,350</u>	<u>32,288</u>	<u>3,062</u>
Total expenditures	<u>\$336,995</u>	<u>\$288,527</u>	<u>\$48,468</u>

BARODA TOWNSHIP

COMBINING BALANCE SHEET - ALL SPECIAL REVENUE FUNDS
MARCH 31, 2004

	<u>Fire Equipment</u>	<u>Fire Maintenance</u>	<u>Baroda-Lake Police</u>
ASSETS			
Cash	\$ 99,987	\$157,770	\$66,016
Time deposits	244,930	-	-
Due from other funds	32,203	54,003	-
Due from other units of government	-	-	11,083
Due from employees	-	-	234
Total assets	<u>\$377,120</u>	<u>\$211,773</u>	<u>\$77,333</u>
LIABILITIES AND EQUITY			
Liabilities:			
Accounts payable	\$ -	\$ 463	\$ 2,414
Accrued liabilities	-	2,275	1,414
Due to other funds	-	-	6,162
Deferred revenues	-	-	11,083
Total liabilities	-	2,738	21,073
Equity:			
Fund balances	<u>377,120</u>	<u>209,035</u>	<u>56,260</u>
Total liabilities and equity	<u>\$377,120</u>	<u>\$211,773</u>	<u>\$77,333</u>

<u>Police</u>	<u>Garbage and Rubbish Collection</u>	<u>Drug Law Enforcement</u>	<u>Building Inspection</u>	<u>Total</u>
\$ -	\$ -	\$28,583	\$ -	\$ 352,356
-	-	-	-	244,930
177,416	228,222	-	4,020	495,864
-	-	-	-	11,083
-	-	-	-	234
<u>\$177,416</u>	<u>\$228,222</u>	<u>\$28,583</u>	<u>\$4,020</u>	<u>\$1,104,467</u>

\$ -	\$ -	\$ -	\$ -	\$ 2,877
-	-	-	-	3,689
-	-	-	-	6,162
-	-	-	-	11,083
-	-	-	-	23,811

<u>177,416</u>	<u>228,222</u>	<u>28,583</u>	<u>4,020</u>	<u>1,080,656</u>
<u>\$177,416</u>	<u>\$228,222</u>	<u>\$28,583</u>	<u>\$4,020</u>	<u>\$1,104,467</u>

BARODA TOWNSHIP

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - ALL SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED MARCH 31, 2004

	<u>Fire Equipment</u>	<u>Fire Maintenance</u>	<u>Baroda-Lake Police</u>
Revenues:			
Taxes	\$ 62,332	\$ 93,254	\$ -
Licenses and permits	-	-	-
Contributions from local units	-	-	156,956
Interest and rentals	4,285	379	249
Other revenues	-	-	1,968
Total revenues	<u>66,617</u>	<u>93,633</u>	<u>159,173</u>
Expenditures:			
Public safety	8,542	38,559	279,925
Public works	-	-	-
Health and welfare	-	22,000	-
Total expenditures	<u>8,542</u>	<u>60,559</u>	<u>279,925</u>
Excess (deficiency) of revenues over expenditures	58,075	33,074	(120,752)
Operating transfers:			
Transfers-in	-	-	123,875
Transfers-out	-	-	-
Excess (deficiency) of revenues and transfers-in over expenditures and transfers-out	58,075	33,074	3,123
Fund balances - beginning of year	<u>319,045</u>	<u>175,961</u>	<u>53,137</u>
Fund balances - end of year	<u>\$377,120</u>	<u>\$209,035</u>	<u>\$ 56,260</u>

<u>Police</u>	<u>Garbage and Rubbish Collection</u>	<u>Drug Law Enforcement</u>	<u>Building Inspection</u>	<u>Total</u>
\$124,671	\$124,345	\$ -	\$ -	\$ 404,602
-	-	-	17,199	17,199
-	-	-	-	156,956
-	-	44	-	4,957
<u>3</u>	<u>-</u>	<u>55,553</u>	<u>-</u>	<u>57,524</u>
<u>124,674</u>	<u>124,345</u>	<u>55,597</u>	<u>17,199</u>	<u>641,238</u>
400	-	37,286	18,304	383,016
-	97,224	-	-	97,224
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,000</u>
<u>400</u>	<u>97,224</u>	<u>37,286</u>	<u>18,304</u>	<u>502,240</u>
124,274	27,121	18,311	(1,105)	138,998
-	-	-	-	123,875
<u>(123,875)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(123,875)</u>
399	27,121	18,311	(1,105)	138,998
<u>177,017</u>	<u>201,101</u>	<u>10,272</u>	<u>5,125</u>	<u>941,658</u>
<u>\$177,416</u>	<u>\$228,222</u>	<u>\$28,583</u>	<u>\$ 4,020</u>	<u>\$1,080,656</u>

BARODA TOWNSHIP

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED MARCH 31, 2004

TRUST AND AGENCY FUND

	Balance March 31, 2003	Additions	Deductions	Balance March 31, 2004
ASSETS				
Cash	\$2,139	\$2,030,327	\$2,031,550	\$ 916
Due from State	<u>-</u>	<u>1,643</u>	<u>-</u>	<u>1,643</u>
Total assets	<u>\$2,139</u>	<u>\$2,031,970</u>	<u>\$2,031,550</u>	<u>\$2,559</u>
LIABILITIES				
Other liabilities	\$ -	\$ 46,095	\$ 44,953	\$1,142
Due to other funds	424	461,953	460,960	1,417
Due to State	-	43,375	43,375	-
Due to County	-	665,929	665,929	-
Due to Intermediate School District	-	149,936	149,936	-
Due to Community College	1,000	109,614	110,614	-
Due to School Downtown Development Authority	715	491,531	492,246	-
	<u>-</u>	<u>63,537</u>	<u>63,537</u>	<u>-</u>
Total liabilities	<u>\$2,139</u>	<u>\$2,031,970</u>	<u>\$2,031,550</u>	<u>\$2,559</u>

BARODA TOWNSHIP
SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS
MARCH 31, 2004

BONDS PAYABLE

<u>Year</u>	<u>Interest Rate</u>	<u>Principal March 1</u>	<u>Interest March 1</u>	<u>Interest September 1</u>	<u>Requirements</u>
2004	8.85%	\$ -	\$ -	\$3,140	\$ 3,140
2005	8.9%	20,000	3,140	2,250	25,390
2006	9.0%	25,000	2,250	1,125	28,375
2007	9.0%	<u>25,000</u>	<u>1,125</u>	<u>-</u>	<u>26,125</u>
		<u>\$70,000</u>	<u>\$6,515</u>	<u>\$6,515</u>	<u>\$83,030</u>

BARNES & ROSS
A Professional Corporation
CERTIFIED PUBLIC ACCOUNTANTS

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STEPHEN E. ROSS, CPA

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June 23, 2004

To the Members of the Township Board
Baroda Township
Baroda, MI 49101

In connection with the audit of the Township's financial records for the year ended March 31, 2004 we offer the following comments and recommendations:

Uniform Budget Act

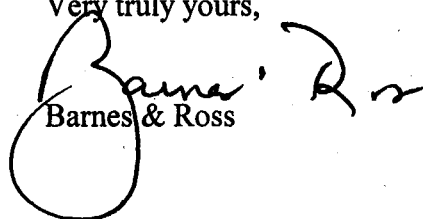
When it becomes apparent that expenditures are going to exceed amounts appropriated, Public Act 621 requires that the budget be formally amended. Expenditures exceeded the amount appropriated in several activities in the General Fund and two Special Revenue Funds under the public safety activity. The majority of these violations were the direct result of audit adjustments within these activities.

This report is intended solely for the information and use of the Township Board, its management and the State of Michigan's Local Audit Division.

We appreciate the courtesy and cooperation extended to us by the officials and employees of the Township.

If you have any questions or need assistance with any other matters, please feel free to contact us.

Very truly yours,


Barnes & Ross